



CALPEEK

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CAMPAIGN 2002: ARE THE WHEELS COMING OFF THE CONTROVERSIAL SECESSION DRIVE IN L.A.?

Editor's note: Despite much enthusiasm during the early stages of San Fernando Valley's secession efforts, some *Calpeek* sources are beginning to detect signs of gloom & doom – at least from rank and file Valley voters who really do want a civic divorce from L.A. Here's our update & analysis...

... Was the late Jesse Unruh right? Is money the mother's milk of politics? Undoubtedly YES – and this is especially true in the SFV's secession fight against the forces of remaining one city – led by L.A. Mayor Jim Hahn. Although the campaign reports weren't available when *Calpeek* hit deadline, it appears that Hahn's L.A. United campaign will report contributions of nearly \$2 million vs. about \$300,000 for the San Fernando Valley Indep. Committee, chaired by former Assemblyman Richard Katz...

... A SFV Indep. Cmt. source said if the money were equal, they'd win. Perhaps. For the time being, however, the spin is that they'll eventually raise enough to be competitive. L.A. United forces don't buy that. Has the money crunch caused any changes for the SFV Indep. Cmt.? Yes. Media consultant Gene Wise is no longer with the campaign. He had a 3-month contact and it was not renewed. No \$\$\$.

Goddard/Claussen is now running the whole show. And at this point, because money is very tight, sources aren't sure the SFV Indep. Cmt. will have a tv campaign...

... There's little doubt that as of right now the SFV Indep. Cmt. has the clout (a big grassroots campaign) to win a majority of votes in the Valley. But for secession to become reality, the SFV Indep. Cmt. must win citywide – and that's questionable – despite polling which suggests the citywide race may be a lot tighter than Hahn and his allies would like to see. A Public Opinion Strategies(POS) survey taken a month ago for the SFV Indep. Cmt. showed 47% citywide favored the Valley divorce vs. 44% opposed to secession...

... FYI: Filing for SFV mayor and 14 council posts closes

Aug. 9th. Thus far only about 60 candidates have filed for council. Two have taken out papers for the mayor's job: GOP Assemblyman Keith Richman and Leonard Shapiro, a perennial candidate and well-known L.A. City Hall gadfly. Shapiro is very bright, but he doesn't have the resources that Richman has. Had State Sen. Richard Alarcon(D) decided to run for mayor, interest in this secession drive would have jumped off the charts. But Alarcon is not running and now openly opposes secession. However, Alarcon still believes Valley residents have a legit beef with city hall. And although the borough system proposed by L.A. Councilwoman Wendy Greuel never made it to the ballot, Alarcon sees the borough system as the eventual solution to making local government more responsive to voters. Stay tuned...

CAMPAIGN 2002: AFTER 4 REALLY BAD WEEKS, CAN GOP CANDIDATE BILL SIMON TURN IT ALL AROUND?

Editor's note: After a really horrible month of negative press coverage, the Simon for Governor campaign think they've finally turned the corner and are ready for *prime time*. Most Demo (and even a few of GOP) sources think that's very wishful thinking. Here's our analysis of Simon's effort to date – category by category...

- **Fundraising** – The new campaign disclosure report which runs from 2/17 to 6/30/02 shows Gov. Gray Davis' *money machine* raised \$12.3 million, spent \$9.8 million and still has \$31,616,270 cash on hand. Simon raised \$10.5 million; spent \$7.8 million, with \$5 million *cash on hand*. And Simon has debts of \$4.9 million (loans to himself). That puts him about \$26 million behind Davis. Will Simon catch up and be competitive? Perhaps. He's got a huge fundraiser set with Pres. George W. Bush on Aug. 24th at David Murdock's farm. Sounds like this event is supposed to generate \$2-3 million. We'll see...

- **Candidate Simon** – Comes across as a nice guy, but his main problem is campaign *inexperience*. His inept handling of his tax returns is a perfect example. He's still not comfortable with political reporters and while Simon may be wealthy, earlier reports that he could easily self-fund his

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campaign may prove to be incorrect...

- **TV Spending** – Davis has been on tv since early June pounding away with negative tv ads. Thus far Simon has not kept pace with *Team Davis*. Negative tv ads bashing Simon are now being run in San Diego, the Central Valley, the S.F. Bay area and in L.A. on cable tv...

- **Polling Data** – The only current public polling is by Mervin Field. It showed Davis leading Simon by 7 points, 41% to 34%, with 16% undecided and 9% for others. However, this poll came out of the field on July 2nd – prior to all hard-hitting negative publicity about Simon's tax returns and the IRS tax shelter stuff. Neither Davis or Simon are polling right now, but one doesn't need to be rocket scientist to figure out that Simon's negatives have probably gone through the roof. (Davis' are high too.)...

... The only polling data which might give a clue as to how this battle is shaping up comes from the 18th CD in the northern part of the Central Valley (formerly known as Condit Country). Here Davis leads Simon by 19 points in a recent Jim Moore poll. Some of our GOP sources don't buy this, but given the amount of tv Davis is buying in this area, combined with the negative press about Simon, this survey seems accurate. The poll showed Davis 54% vs. Simon 35%. This might be high for Davis, but it's about where sources think Simon is right now – below 40%...

- **Demographics** – The State's voting population is now more staunchly Democratic, unionized and more minority, especially Latino voters. Since 1996, Calif. has a natural Demo voting edge of about 1.3 million and growing. Whatever the case, GOP numbers are dropping in San Diego, L.A., San Bernardino and in the northern part of the Central Valley (from Modesto to Sacto). Example: L.A. Co. – what was once only a 100,000-300,000 Demo voter edge is now 800,000 to 1 million. Given these demographics, Simon has his work cut out for him...

- **Campaign Staffs** – A big difference between Davis and Simon: Davis has only 30 people in paid staff positions vs. anywhere from 60-100 for Simon. Even at half the size of Davis, the Simon campaign payroll is a killer...

...Simon cmp. chair John Herrington seems to be MIA, although he remains the campaign chair. For the time being Rob Lapsley is the daily cmp. mgr. Lapsley is the 4th or 5th daily mgr. Some sources bet that primary cmp. mgr. Rick Ahern will return. Sal Russo is in charge of strategy and media. Russo is even tempered and a solid media strategist, but there have been news media reports that savvy GOP

media guru Larry McCarthy of DC may come aboard. McCarthy is in talks with the campaign, but there's no contract. McCarthy's no stranger to Calif. political campaigns (Wilson, Huffington, Issa and Bill Jones in the Mar. 5th primary). In terms of polling, Public Opinion Strategies (Steve Kinney) did the primary polling, but since Mar. 5th Frank Luntz has shown up (focus groups/message) and there are rumors that Jan von Luihizen may eventually take over. Bottomline: the final campaign team line-up is still up in the air. Not good...

- **CRP Internal Feuding** – Simon needs a unified Calif. Republican Party(CRP). Unfortunately, the Calif. GOP is still very much divided, with CRP Chair Shawn Steel in an ongoing battle with CRP operating cmt. member Gerald Parsky, Pres. Bush's go-to guy here in Calif...

...FYI: As Calpeek hit deadline, more bad news for Simon. An L.A. jury on July 31st found Simon's company (Wm. E. Simon & Son) liable for fraud and other claims. The winner in this lawsuit was a private phone company called Pacific Coin. The jury awarded PC \$78 million. Stay tuned...

ENERGY & POLITICS: DOES CALIF. STILL NEED NEW POWER PLANTS? FIRMS WATCH AS DEMAND FALLS.

Editor's note: Just as Gov. Gray Davis(D) announced the additions of Units #1 & #2 at Duke Energy's Moss Landing Power Plant near Salinas with 1,060 more megawatts of power, the L.A. Times ran a front page story July 30th about power plant construction being put on hold here in Calif. Here's our brief update & analysis...

...When one takes a look at the total power picture here in Calif., it's much improved over 2000 or 2001. That's not to say everything is perfect. But many of the high-priced, long-term energy contracts have been renegotiated by the Davis Admin.; Calif.'s power conservation program has caused demand to drop; some 4,136 new megawatts of power have come online since last summer; and finally the power bonds to repay Calif.'s general fund are just about ready for sale...

...That's the good news. The bad news is that a number of power companies have decided to put on hold plans to build new plants here Calif. That's not what the Davis Admin. wanted to hear. But the reasons for the delay in construction are sound: a glut of power caused by some of the above reasons, combined with the fallout from the Enron scandal and a reluctance by Wall Street investors to back these costly new plants. The trick is to have a sufficient supply to keep the rates reasonable, but not too much supply otherwise there's no incentive to build new plants...

...So what happens when a power company decides to pull the plug on its plans for a new plant? Right now, nothing. But keep your eyes on SB 1269 by State Sen. Steve Peace (D-La Mesa). This is a power plant site and facility certification bill that would require companies which have applied to the CA Energy Commission to build plants to begin construction *within 12 months* of being given the OK or lose their certification – in which case the new Calif. Power Authority would step in and build the plant. SB 1269 passed the Senate on a party-line 24-14 vote and is now awaiting a hearing in the Assembly Appropriations Cmt. – sometime in August. Stay tuned...

CAMPAIGN 2002: EX ASSEMBLYMAN BATES SEEKS TO UNSEAT BERKELEY MAYOR SHIRLEY DEAN...

Editor's note: Home of UC Berkeley and politics that can sometimes boggle the mind, this city of 71,992 registered voters holds mayoral and city council contests this coming Nov. 5th. And in the battle for Berkeley Mayor, 2-term incumbent Shirley Dean seeks to win a 3rd term. Her key opponent: former Demo Assemblyman Tom Bates. There are a few others in this race, but these are the main rivals. Here's our update & analysis...

...A little background first. In Berkeley, the GOP has only 5,191 registered voters. That's only 140 more registered voters than the Green Party. Demos number 44,530 voters while DTS voters number 14,270. On the left side of the political spectrum, there are three(3) divisions: racial (on the far, far left), progressive and liberal. So if you're a liberal in Berkeley, you're probably considered a moderate of sorts. Dean falls into this category, while Bates is described by some as slightly to the left of progressive...

...Bates was termed out of the Assembly in 1996, but he served there for 20 years, from 1976-96. Before that he was an Alameda Co. Supervisor. Although he was considered a *back bencher*, he was the most consistent liberal vote in the Assembly. The *Calif. Political Almanac* described him as an *extreme liberal*. And so it's not too surprising that Bates has allied himself with the most liberal faction on the Berkeley council – led by Dean's arch-rival, Councilman Kriss Worthington. Bates has hired consultant Larry Tramutola to run his campaign...

...As for Dean, she was first elected in 1994 and again in 1998. Her platform on which she seeks a 3rd term is fairly simple: she's running on her record of rebuilding downtown Berkeley (restaurants, shops and a new theater-arts district). Dean's campaign says there was a survey taken in May by a developer and it showed Dean's job

approval rating at 70%. But in a 1-on-1 with Bates, it was a dead heat. Dean has hired Terris & Barnes, with Lake, Snell, Perry & Assoc. handling polling. In past campaigns Dean had used S.F.-based Staton/Hughes, but because S/H had signed on to do Lonnie Hancock's assembly race (Hancock is Bates' wife), S/H decided it would be best to remain neutral...

...What's interesting about this Dean vs. Bates match is that in Berkeley one only needs 45% to win. If no candidate gets 45%, then there is a runoff. Stay tuned...

CAMPAIGN 2002: COUNTY/CITY BALLOT MEASURES.

Editor's note: This week Calpeek begins a series of reports on *local ballot measures* – propositions put on the Nov. 5th ballot either by local initiative or by a local jurisdiction, such as a city council, county board of supervisors or a school board. Here is *Part I*...

☒ ***Public Power in S.F.*** – No exact ballot title or letter yet, but the S.F. County Supes voted July 22nd to place a charter amendment on the ballot that would put S.F. in the business of supplying electricity to business and residential users. If effect, this charter amendment would reorganize the San Francisco PUC and allow it to buy long term power contracts and to issue revenue bonds to eventually construct and operate muni-owned power plants. If this measure were to win, the local SFPUC would also be authorized to conduct a feasibility study to see if it makes sense to buy out PG&E's electric distribution system in the city. If the study were to pan out, then the local PUC could issue bonds for the PG&E buyout. In 2001, two related public power ballot proposals were narrowly rejected by voters. PG&E spent a small fortune on the anti Prop. F & Prop. I campaigns and they are expected to do the same Nov. 5th. Already aboard the NO campaign are S.F.-based Solem & Associates and longtime PG&E consultants Townsend, Raimundo, Besler & Usher, based in Sacto. The cost of a buyout would probably be about **\$1 billion** or more. Best guess is that PG&E is in much better shape (politically) now than they were in 2001. A PG&E spokesperson quoted in the *S.F. Chron's* July 23rd story says of this plan: *This is a solution looking for a problem...*

☒ ***LAUSD \$3.3 Billion School Bond*** – It's a monster bond for massive school construction to relieve overcrowding in L.A. schools. This huge bond comes on top of a \$2.4 billion bond measure OKed by 72% back in 1997 – and at least \$1.7 billion in matching funds from the State. With what's left from Prop. BB, this new bond will pay for 115 new schools and repair many others. Back in 1997, BB had an all-star line-up of supporters, and the BB committee and

school board promised to closely monitor spending. That didn't happen. The \$260 million, half-finished Belmont Learning Center project turned into a financial and political fiasco and only half of the repairs under BB have been finished. Supt. Roy Romer is trying to turn things around, but the political timing of this new bond is NOT great, despite the fact that to win it only needs a 55% YES vote – thanks to the passage in 2000 of Prop. 39. Regardless, there is still lots of anger aimed at the LAUSD, much of it coming from voters in the San Fernando Valley. In fact, many secession supporters think that by breaking away from L.A. will also mean the breakup of the school district. That's incorrect. The committee backing the school bond effort hopes to raise \$2-3 million for its campaign. They've already hired Public Strategies, Inc. (read that as consultant Darryl Sragow, who led the BB campaign in 1997)...

☒ ***Santa Monica Referendum*** – Back in 2001, the Santa Monica City Council passed a law raising the minimum wage in this beach city to \$12.25 per hour. But a group called FAIR (*Santa Monicans Fighting Against Irresponsible Regulation*) launched a successful drive to referendum this new law. The council set Nov. 5th for the election because FAIR collected 9,000 signatures (6,000 required). The referendum is backed by hotels, restaurants and the local CofC and many businesses. Unionized businesses are exempt from this new law. Calif.'s minimum wage is currently \$6.25, but goes up by year's end to \$6.75. The L.A.-based Dolphin Group is handling the campaign for FAIR...

DOG DAYS OF SUMMER: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ ***Public Disclosure of Taxes for Governor*** – Keep your eyes on AB 573 by Assemblywoman Carole Migden(D-SF). This bill requires that candidates for governor of Calif. disclose all of their federal and state income tax returns. This is above what candidates are now required to file with the FPPC. Just last week GOP gubernatorial candidate Bill Simon Jr. disclosed his federal and state tax returns – in a limited fashion after being hounded for nearly 100 days by Gov. Gray Davis' campaign. AB 573 will be heard in August...

■ ***Dick Morris Gets It Right*** – In his July 24th column in *The Hill*, consultant Dick Morris really hits the nail on the head: unless the GOP can crack the Demo lock on Black and Hispanic voters, the GOP is headed for extinction. Morris notes that in 1990 Blacks/Hispanics accounted for only 15% of the vote. In 2000 that number jumped to 24%.

By 2010 Blacks/Hispanics will account for 30% of the U.S. vote...

■ ***Bush Signs Business Reform Law*** – Although Pres. George W. Bush and his GOP U.S. House allies had originally pushed for a less punitive business reform law, when it became clear that the voters wanted something really tough which would send white collar corporate bad guys to prison, the President signed the law chiefly crafted by U.S. Sen. Paul Sarbanes(D-MD). This new law will ban corporate loans to executives; requires CEOs to personally certify the accuracy of company records/reports; hikes the SEC's budget by 75%; and increases the criminal penalties/fines for individuals and corporations from \$5 million to \$25 million. Most important, securities fraud convictions can now bring 25 years in the slammer. Important date to mark: Aug. 14th – deadline for CEOs to make sure their books are accurate...

CALPEEK's NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● Business exec Adriana Martinez has been named to Mayor Jim Hahn's L.A. Business Team. She was director of business development at Cruz/Kravetz advertising in L.A...

● Political vet Conrado Terrazas has opened his own firm – Conrado Terrazas & Assoc., 1964 Preston Ave., L.A. 90026. (323)953-6367. He'll specialize in fundraising, organizing special events and other political services...

● Recently retired: CCPOA's leader for the last 20 years, Don Novey retired from the CA Correctional Peace Officers Assn. on Aug. 25th. Novey's #2, Mike Jimenez, takes over as head of the CCPOA...

● Lisa Levy Buch has been named director of transportation & land use at L.A.-based Consensus Planning Group. Most recently Levy Buch was a field deputy to L.A. Councilwoman Cindy Miscikowski...

● L.A.-based AVS Consulting has merged with The MWW Group. Joining MWW will be AVS's president and founder Arthur V. Sohikian...

● L.A. attorney and former Demo assembly candidate Amanda F. Susskind has been named Regional Director of the Anti-Defamation League(ADL)...